

***Foster Care Program Federal Earnings Plan
December 2001***

Chapter 7, Laws of 2001, E2, Section 202 (8)

**Department of Social and Health Services
Children's Administration
Management Services Division
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Foster Care Program Federal Earnings Plan

Introduction

The 2001-03 Biennium budget bill, ESSB 6153, Section 202(8), states that \$16 million of federal authority will remain unallotted until the Office of Financial Management (OFM) approves a plan submitted by the department to achieve a higher rate of federal earnings in the foster care program.

The bill states that the plan shall indicate projected federal revenue compared to actual State Fiscal Year (SFY) 2001 levels. In order to maximize federal funding, the CA implemented new revenue generating methods in the prior biennium (1999-01) that increased federal funding and ensured CA 2001-03 targets would be met. Therefore, SFY01 revenues in Title IV-E are inflated beyond what they normally would have been without these additional revenue-generating efforts. In order to accurately show the increase, CA will compare the earnings in our staffing areas (categories 2000 and 9000 in the budget) for SFY01 as if the adjustments made to increase federal earnings had not been implemented until the new biennium. (See attached spreadsheet.)

The following plan identifies how the Children's Administration plans to increase Title IV-E federal earnings for the 2001-03 Biennium.

Increase the Title IV-E Foster Care Penetration Rate - \$15.8 million

- ◆ Title IV-E funds are available to states for the maintenance of children in foster care. Eligibility factors include income and resources of the child's family (removal home) and the state's efforts to ensure the child's welfare. Title IV-E provides funding for the administration of the foster care program that includes the social work activities performed on behalf of a child in foster care. The Title IV-E penetration rate is a calculation required by the federal government to apportion administrative costs to all benefiting programs. Many activities CA social work staff perform are allowable activities, but Title IV-E will only reimburse the state for a proportionate share of the costs based on how many children in foster care are Title IV-E eligible. The percent is derived from the number of Title IV-E eligible children (the numerator) compared to the total number of children in foster care (the denominator).
- ◆ Historically, the Washington State Title IV-E foster care penetration rate has been low. CA staff have been working to increase the rate over the last two years. The Children's Administration has increased the number of IV-E eligible children (numerator) and decreased the total children counted (denominator), thus increasing the penetration rate from an average of 37% to an average of 55%. This will result in a biennial increase in Title IV-E of approximately \$15.6 million in the staffing area.

- ◆ In SFY01, CA staff were able to make the necessary adjustments to ensure that we counted all eligible children. This count excludes children the federal government does not require us to count in the federal definition of foster care, including children who are in the custody of a Tribe or Child Placing Agency or who are in a legal guardianship. Even if the state is still making a foster care payment on behalf of these children, the CA is not required to include them in our federal foster care denominator. Also, we are now able to identify and exclude those children whose Title IV-E eligibility determination is pending.
- ◆ Because of increased access to data, the CA is better able to identify all children who are eligible for Title IV-E. This increases the numerator.
- ◆ The increase in the penetration rate will also affect a small portion of the foster care service areas that earn Title IV-E administrative funding rather than maintenance. The increase in the foster care Title IV-E funding is estimated to be \$200,000 for the biennium.

Ensuring Title IV-E eligible services are generating Title IV-E earnings – \$0.2 million

CA changed policies and procedures in SFY01 that sometimes limited Title IV-E funding paid to foster parents for costs above the basic foster care rates. Also, as a result of the increased information from the Title IV-E penetration rate calculations, we can review all service authorizations done on behalf of Title IV-E eligible children to ensure maximization of Title IV-E funds. We feel confident that these changes will increase our Title IV-E foster care reimbursement rate by approximately \$0.2 million in the 2001-03 Biennium.

As we pursue the changes outlined above, the CA will continue to look for ways to maximize Title IV-E funding. The September 2001 Title IV-E review was very positive, but did point out areas for improvement that are being addressed. The CA will also be reviewing a more systematized monitoring process for all cases that are reviewed for Title IV-E eligibility. Should you have any questions about this information, please contact Peggy Brown, Director, Management Services Division, Children's Administration at (360) 902-7910 or bpeg300@dshs.wa.gov.

**DETERMINATION OF FEDERAL FUNDING EARNED IN ANTICIPATION OF
CHANGES NEEDED TO IMPLEMENT INCREASED FEDERAL FUNDING FOR
2001-03 BIENNIUM**

Adjusted Base Year of Title IVE Earnings

SFY 01 Base Year	Title IV-E ALLOTTED	Title IV-E EARNED	DIFFERENCE Earned less Allotted
Earnings in staffing	\$14,873,427	\$21,849,165	\$6,975,738
Less early IVE increase *		<u>(\$658,541)</u>	
Adjusted base	\$14,873,427	\$21,190,624	\$6,317,197
Earnings in Services	\$27,645,640	\$25,750,819	(\$1,894,821)
Less early IVE increase *		<u>(\$8,386)</u>	
Adjusted earnings	\$27,645,640	\$25,742,433	(\$1,903,207)
Total SFY01 Adjusted Base	\$42,519,067	\$46,933,057	\$4,413,990

Projection of Title IVE Earnings in the 2001 – 03 Biennium

SFY 02	Title IV-E EARNED SFY01	Title IV-E** PROJECTED	DIFFERENCE
Staffing	\$21,190,624	\$29,009,327	\$7,818,703
Services	\$25,742,433	\$25,942,433	\$200,000
SFY 03	T-IV-E EARNED SFY01	T-IV-E* PROJECTED	DIFFERENCE
Staffing	\$21,190,624	\$29,009,327	\$7,818,703
Services	\$25,742,433	\$25,942,433	\$200,000
Total Projected Earnings for 2001 – 03 Biennium	\$93,866,114	\$109,903,520	\$16,037,406

* This adjusts the base to what the Title IVE earnings would have been if there had been no changes to increase the earnings in SFY01.

** Using the same base amount of expenditures but increasing the IV-E to 55%.